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Budget Speech

OF

THE HON. C. E. GERHART

TREASURER OF THE PROVINCE OF ALBERTA

Delivered on March 4th

1955

IN THE

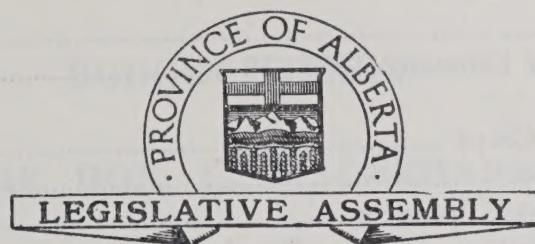
Legislative Assembly of Alberta

ON MOVING THE HOUSE INTO COMMITTEE OF SUPPLY

ALSO STATEMENTS OF
FINANCIAL AND GENERAL INFORMATION

PUBLISHED BY ORDER OF THE LEGISLATIVE ASSEMBLY

EDMONTON
Printed by A. Shnitka, Queen's Printer for Alberta
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BUDGET SPEECH

THE HON. C. E. GERHART

Mr. Speaker:

In rising to move the motion that you do now leave the Chair and that this Assembly resolve itself into a Committee of Supply for the consideration of sums to be granted to Her Majesty, I do so with a full appreciation of the responsibilities conferred upon me in my recent appointment as Provincial Treasurer.

In making this motion, I would not wish to proceed further without first paying tribute to the Honourable Ernest C. Manning, who, in his capacity as Provincial Treasurer, has presented the annual Budget Address to you for the past ten years. I know all Members of this Legislature will know what I mean when I say that it does not make my role as Provincial Treasurer any easier to follow immediately in the footsteps of the most able Provincial Treasurer this Province has ever had.

The Honourable Mr. Manning will be long remembered by present and future generations of this Province, not only for the achievements he brought about in his capacity as Premier, but also for many of those lasting contributions made to the economy of our Province as Provincial Treasurer from 1945 until two months ago.

Most of the Honourable Mr. Manning's major accomplishments in the Treasury Portfolio are recent enough to be vividly clear in our minds and there is no need for me to detail to you the economic measures and programs he instituted for the direct or indirect benefit of every citizen of the Province of Alberta.

When the Honourable the Premier assumed the Treasury Portfolio, he did so at a time when our economy was more or less stabilized on a wartime basis, and the effect of a transfer of our economy into a disturbing and questionable peace-time period, seemed impossible to foresee or calculate to any definite degree. The following years soon showed that he not only was capable of making this changeover without there being any adverse effect whatever on our provincial economy, but, within a very short time, proved responsible for establishing in our Province, a period of prosperity unexcelled anywhere in our own country or abroad.

One of his first actions could well be the one most pleasantly remembered by future citizens, for, although all of our people today have been, and will continue to benefit from his action, future citizens of our Province will benefit even more. I am, of course, referring to the Debt Reorganization Program which, designed and implemented by our Premier, provided for the complete refunding of the bonded indebtedness of this Province on a basis which was fair and equitable to both the bondholders and citizens generally.

Under this unique program, he established an average coupon rate that was the lowest of any Province of Canada, placed the debentures on a systematic yearly payoff basis, and made Alberta the first Government in Canada, Provincial or Dominion, to serialize its total indebtedness and initiate a program of debt retirement under which the people will be entirely freed of a burden of annual public debt service charges. This program, in itself, surely was a sufficient contribution by any one Provincial Treasurer to the present and future welfare of the Province to which he dedicated his services.

However, hardly was this debt reorganization program satisfactorily concluded, when the Honourable Mr. Manning turned his attention to setting up a broad outline for the proper handling of greatly increased revenues which were then starting to accrue to the public treasury through the development of the natural resources of our Province.

Under him, a plan was initiated by which the annual budgetary provisions were expanded progressively in pace with the economic development of the Province. Of particular note was the part of this program under which the municipal governments of Alberta became direct beneficiaries in the added wealth available to the Province, receiving substantially increased unconditional grants, additional funds which combined a system of municipal tax reduction subsidies, in an effort to reduce the burden on the individual taxpayer, and a system of loans at low rates of interest, designed to keep our municipalities off the open market.

During his ten years as Provincial Treasurer, the Honourable Mr. Manning achieved a marked degree of success in keeping an excellent balance between the needs of our people in terms of essential public services, and the financial resources of our Province. More towards this end could not have been done by any one man within the restrictive framework of our present monetary system.

The Budget I am presenting today reflects the tremendous growth and development taking place in this Province. The estimates for the coming year far exceed, in both revenue and expenditure, the forecast of any previous year. Revenues for the coming year are estimated at \$177,441,515. Expenditures during the same year are expected to total \$179,963,072. Statutory requirements will be another \$43,000,000, or a total expenditure of \$222,963,072 as compared with \$204,949,712 for the present year, an increase of \$18,013,360.

The following statement shows in a condensed summary, the total expenditures proposed and the amount allocated to each of the various major services.

ESTIMATES—1955-1956

Service	Income Account	Capital Account	Total	Less reimburse- ments not included in Revenue	Net Total	Percentage Total
Public Debt	\$ 5,535,500	-----	\$ 5,535,500	\$ 840,500	\$ 4,695,000	21.11%
Executive Council and Legislation	2,223,210	-----	2,223,210	22,000	2,201,210	.99
Agriculture and Water Resources	2,909,935	\$ 4,206,400	7,116,335	116,000	7,000,335	3.13
Attorney General	4,097,370	-----	4,097,370	-----	4,097,370	1.84
Education and Vocational Training	35,410,095	2,046,200	37,456,295	561,450	36,894,845	16.55
Municipal Affairs	1,417,870	-----	1,417,870	287,500	1,130,370	.51
Provincial Secretary	327,975	-----	327,975	-----	327,975	.15
Public Health	25,909,900	3,605,400	29,515,300	2,798,000	26,717,300	11.98
Public Welfare	11,881,060	45,000	11,926,060	2,201,435	9,724,625	4.36
Public Works and Railways	4,369,047	7,115,565	11,484,612	-----	11,484,612	5.15
Treasury	11,412,700	10,000	11,422,700	-----	11,422,700	5.12
Industries and Labour, Economic Affairs	2,015,660	-----	2,015,660	-----	2,015,660	.90
Lands and Forests	3,705,125	-----	3,745,225	-----	3,745,225	1.68
Mines and Minerals	1,499,470	494,500	1,993,970	-----	1,993,970	.89
Highways and District Roads	16,162,935	40,674,440	56,837,375	325,500	56,511,875	25.35
TOTAL ESTIMATES	\$128,877,852	\$58,237,605	\$187,115,457	\$7,152,385	\$179,963,072	80.71%
STATUTORY LOANS						
Alberta Government Telephones	-----	\$ 7,000,000	\$ 7,000,000	-----	\$ 7,000,000	3.14
Municipal Capital Expenditure Loans Fund	-----	30,000,000	30,000,000	-----	30,000,000	13.46
Rural Electrification Revolving Fund	-----	5,000,000	5,000,000	-----	5,000,000	2.24
Homesteaders Loans Revolving Fund	-----	1,000,000	1,000,000	-----	1,000,000	.45
TOTAL LOANS	-----	\$43,000,000	\$43,000,000	-----	\$43,000,000	19.29
TOTAL BUDGET	\$128,877,852	\$101,237,605	\$230,115,457	\$7,152,385	\$222,963,072	100.00%

Please notice that the Budget on Income and Capital account shows a deficit of \$2,521,557 and that inclusive of statutory commitments, it will be necessary to use \$45,521,557 from accumulated surplus of former years to provide for the estimated expenditures.

The Government has been criticized for accumulating surpluses, while at the same time, demands for increased expenditures and the abolition of some sources of revenue have been persistent. This attitude is not new. It is evidenced by the following quotation from a budget address delivered in 1895 by Sir Vernon Harcourt — "With each year, new expenditures are demanded from all sides for every sort of thing, and at the same time these increases of expenditures are suggested, the abolition of some source of revenue is attempted". The practice persists you observe.

To provide a background whereby we may better appraise the Budget proposals for the coming year, may I deal briefly with some of the important factors relating to the development of our economy.

AGRICULTURE

In the field of Agriculture, the year 1954 was disappointing to many Alberta farmers. The 1954 crop season was one of the wettest and most backward on record. From April 1st to August 30th, temperatures averaged 3.3 degrees below the normal, while during September and October, the temperatures ranged substantially above the normal, the latter permitting harvesting of much grain that was at first given up as lost. The incidence of hail was widespread, and total losses were above average, but below those incurred in 1953.

The average yields of the 1954 major crops of the Province were — wheat, 16.2 bushels; oats, 31.4 bushels, and barley, 22.9 bushels, and were below the 1908 - 1953 forty-five year average of wheat, 18.2 bushels; oats, 34.5 bushels, and barley, 25.6 bushels. These years should also be compared with the bountiful years of 1951, 1952 and 1953, when the average yields were wheat, 25.4; oats, 48.1, and barley, 33.6 bushels per acre.

Notwithstanding the smaller crop, serious marketing difficulties were experienced during the congestion of marketing facilities. This congestion arose largely because of the surplus carry-overs of the 1951, 1952 and 1953 crops.

The following tables compare in detail the quantities and values of Agricultural production for the crop years 1953 and 1954:

FIELD CROPS

	1953		1954	
	Production Bushels	Value	Production Bushels	Value
Wheat	163,000,000	\$244,500,000	95,000,000	\$128,250,000
Oats	112,000,000	61,600,000	74,000,000	51,800,000
Barley	108,000,000	89,640,000	70,000,000	65,800,000
Rye	9,700,000	7,372,000	4,000,000	4,000,000
Mixed Grains	2,821,000	1,975,000	3,084,000	2,529,000
Flax Seed	2,000,000	4,740,000	2,150,000	5,375,000
Forage Crop Seed		4,698,000		3,497,000
Potatoes	2,757,000	3,529,000	1,900,000	2,660,000
	Tons		Tons	
Sugar Beets	422,281	6,009,000	440,000	6,160,000
Other Vegetables		1,974,000		3,050,000
Tame Hay	2,600,000	32,500,000	2,000,000	24,000,000
Miscellaneous Crops		7,467,000		5,869,000
TOTAL value Field Crop Production		\$466,004,000		\$302,990,000
		A Decrease of \$163,014,000		

LIVESTOCK MARKETED

	1953		1954	
	Number	Value	Number	Value
Cattle	471,634	\$ 67,020,000	552,296	\$ 74,245,000
Calves	113,676	6,323,000	123,732	6,133,000
Sheep and Lambs	112,523	1,834,000	117,459	1,801,000
Hogs	1,432,438	66,659,000	1,476,249	66,830,000
Total Value		\$141,836,000		\$149,009,000
		An Increase of \$7,173,000		

LIVESTOCK PRODUCTS

	1953		1954	
	Value	Value	Value	Value
Dairy Products	\$37,876,000		\$38,485,000	
Poultry Products	29,047,000		25,122,000	
Honey and Wax	563,000		462,000	
Wool	754,000		819,000	
Fur Farming	2,651,000		2,481,000	
Total Value	\$70,891,000		\$67,369,000	
		A Decrease of \$3,522,000		

SUMMARY

	1953		1954	
	Value	Value	Value	Value
Field Crops	\$466,004,000		\$302,990,000	
Livestock marketed	141,836,000		149,009,000	
Livestock products	70,891,000		67,369,000	
Total Value	\$678,731,000		\$519,368,000	

While the above summary records the total value of agricultural production as \$519,368,000, the cash income of the farmers was very much less, due to a substantial percentage of that production being used by the farmers in the feeding of their own livestock and poultry. The actual cash income of Alberta farmers in 1954 is presently calculated to be \$394,102,000, a decrease from 1953 of \$97,427,000.

With reference to irrigation, power development and flood control, as previously indicated, the year 1954 was one of abundant supply of water, and in some areas, there was an over-supply, which caused considerable hardship due to flooding of arable land. The flow in some of our northern rivers was the greatest on record, and in the case of the Red Deer, North Saskatchewan, Pembina, Macleod and Athabasca, some damage to property and lands occurred.

During the year, irrigation water was delivered to the Medicine Hat area for the first time. In the year 1955, it is hoped to complete what is known as the "low line" canal of the St. Mary-Milk River Development, and a start will be made in the coming year on the "high line" canal to follow up the work of the Prairie Farmers Rehabilitation Act, in securing additional water supply from the Waterton and Belly rivers.

By the end of the 1955-56 season, the Province of Alberta will have invested some \$16,500,000 in the distribution system of the St. Mary-Milk River development. This project stretches from Magrath on the West, to Medicine Hat on the east, a distance of 120 miles. This far-reaching development has been accomplished in co-operation with the Government of Canada, which has expended a similar amount on the main diversion works.

In the year 1953, the total production from 730,000 acres of irrigated land was valued at \$32,700,000. Under present plans, another 180,000 acres will be brought under irrigation in the immediate future, bringing the total to 910,000 acres.

Land levelling equipment again has been provided by this Government to help bring some of the rough land up to a reasonable standard for irrigation. This equipment is provided to the farmers at cost. All surveying and supervision for the land levelling is provided to the farmers as a free service.

The Calgary Power Company completed and put into service, the 22,000 H.P. Bearspaw hydro-electric dam on the Bow River, just upstream from the City of Calgary. A new 30,000 H.P. generating unit was added to the Ghost plant on the Bow River.

Construction of the Western Block of the Bow River Irrigation project continued in 1954 near Enchant. Some 6,300 acres of land are now "under the ditch" in this area for the first time. Engineering and surveying services are being provided for the new irrigation farmers of the Western Block of the Bow River Development as well as for the St. Mary-Milk River settlers.

RURAL ELECTRIFICATION

In the statutory estimates for the fiscal year 1955 - 56, a further \$5,000,000 will be allocated to the revolving fund for Electrification.

During 1954, approximately 6,300 more farms were electrified, bringing the total number now electrified to 30,504. In addition, there are 4,655 non farm customers, for a total of 35,139 connections.

As at December 31, 1954, a total of \$9,361,950 has been lent, and during the same period, \$583,792 had been repaid, leaving a balance outstanding of \$8,778,058.

It is expected that from four to five thousand additional connections will be made in 1955.

NATURAL RESOURCES

A steady expansion of the potential oil and gas production and progress toward obtaining markets for surplus natural gas, have been outstanding developments of the past year.

Alberta's oil production averaged 240,312 barrels daily, for a total production of 87,713,855 barrels of crude oil for the year. Gross value of this oil is \$227,872,548. This compares with the production of 76,816,383 barrels in 1953, valued at \$193,118,494.

The number of active petroleum and natural gas leases at the end of the year was 23,207, consisting of 17,525,458 acres. There were 512 reservations totalling 27,071,232 acres. Natural gas licenses issued, including 15 Crown Reserve licenses totalled 25, and comprised 694,869 acres. The 163 natural gas leases issued during the year contained 853,800 acres.

An increase in refinery capacity on the Pacific Coast and in Southern Ontario was responsible for most of the increased oil demand. New refineries were opened at Ferndale in the State of Washington, and at Kamloops in British Columbia. Capacities of refineries in the Vancouver area are being increased. Refinery capacity in the Sarnia area of Ontario has also been increased.

The wet season and resulting terrain conditions during the summer months, kept appraisal of previous discoveries and the search for new sources of oil and natural gas production at a minimum. Conditions were particularly bad in the Pembina and Sturgeon Lake areas. It was not until the last three months of the year that development work at Pembina reached the proportions expected when the importance of the discovery was first realized. In those three months ninety wells were completed, and at the end of the year over fifty drilling rigs were in the field.

Although weather conditions had an adverse effect on exploration, a number of important discoveries were made. In many cases, the importance is due, not only to the finding of new reserves, but to the nature of the reservoir in which the reserves are located, or the area in which the discovery is made. North of Rocky Mountain House, discovery well twelve miles apart have found oil in the Cardium Sandstone, which has a higher gravity than that of the Pembina field, indicating the possibility that a second major oil accumulation in this formation may have been discovered.

In the north, a discovery of light crude was made between Valleyview and High Prairie. The source of this oil is a formation older geologically than any other from which commercial oil production has previously been obtained in the province.

In the south, a well drilled high in the Livingstone Range within ten miles of the British Columbia border, has obtained a substantial flow of natural gas from the Rundle limestone. North of Edson, an exploratory venture found a thick reef of the type that produced the Leduc, Redwater and Bonnie Glen fields. Although the discovery was found at too low an elevation to be oil bearing, its presence lends credence to the theory that the area between Pembina and Sturgeon Lake is one of great possibility for those engaged in the search for new oil and gas reserves.

Among other discoveries during the year, were a number which have added materially to previously proven gas reserves of the province. A number of these were in the Calgary area and have led to a resumption of drilling activity in that part of the Province.

Gas production during the year totalled 135,545,629,000 cubic feet, compared with 113,960,664,000 cubic feet in 1953. Of this total, 80,898,817,000 cubic feet were marketed in Alberta and 7,646,376 cubic feet were exported. Gas is being injected into the Leduc formation at Golden Spike to maintain the reservoir pressure. During the year 2,265,822,000 cubic feet of gas were injected.

Three gas processing plants were completed during the year. The largest of these is in the Bonnie Glen field. This plant will process 20,000,000 cubic feet a day from Bonnie Glen, Wizard Lake and Glen Park fields. Smaller plants have been built at Acheson and Big Valley.

SULPHUR

During the year sulphur production at Jumping Pound and Turner Valley totalled 22,320 short tons, an increase of 4,022 tons over the 1953 production. The plant at Jumping Pound has been enlarged from a capacity of thirty tons per day to eighty tons. Metallurgical refining plants in the North-west Territories and Northern Saskatchewan are providing a rapidly-growing market for this sulphur. A sulphuric acid plant to be erected at Fort Saskatchewan will expand the market.

SALT

Salt for domestic, agricultural and industrial markets comes from the Plant at Elk Point. Production was 28,250 tons compared with 25,182 tons in 1953. Much of the increase was due to the growing demand for fused salt, of which 8,560 tons were produced for use on highways, box-car refrigeration and other industrial purposes.

The caustic soda and chlorine plant at Duvernay completed its first year of operation with a production of 3,000 tons of caustic soda and 2,250 of chlorine. The market for these products extends from the Lakehead to the interior of British Columbia. The chemicals are obtained from common salt produced from wells at Duvernay.

COAL

In common with other coal producing areas of the continent, the Alberta coal industry continued to lose markets to other fuels. Coal production in 1954 was 4,859,136 tons, a decrease of 1,058,287

tons from the production of 5,917,423 tons in 1953. Several of the larger mines have discontinued operations and a committee is aiding in the absorption of miners into other industries.

LANDS AND FORESTS

The demand for homesteads continues at a steady pace with 1,156 applications being received during the past year. The number of homestead leases in force is 6,463. This is 223 more than in 1953.

Close to 3,000,000 acres are now under grazing leases and 400,000 acres under cultivation leases. Another 389,000 acres of public and school lands are held under 2,637 agreements of sale.

During the past year 354,000 thousand board feet of lumber, 1,033,279 railway ties and 15,125 cords of pulpwood were cut and removed from Alberta forests. The total value of these products is estimated at \$17,761,000, as compared with \$20,044,000 in the previous year.

During 1954 the commercial catch of fish totalled 7,807,500 pounds, with a dealer's market value of \$1,168,000. The catch was less than in 1953, but had a slightly higher value. Of this amount approximately 3,079,000 pounds of fish, valued at \$651,600, were exported from the Province.

INDUSTRIAL DEVELOPMENT

Records were made by many cities and towns during the year in the number of new building permits issued, which reflected the industrial development and economic progress taking place in Alberta. Considerable plant extensions were made also and I draw your attention to the trend to open branch warehouses in the Province of Alberta.

New industries under construction, or completed, totalled twenty-four. The cost of these enterprises exceeds forty-eight million dollars.

During the past year 1,177 Alberta companies, representing Capital in excess of \$93,897,000 were incorporated, and during the same period 201 outside companies were registered, with estimated expenditures in Alberta exceeding \$34,667,000.

CO-OPERATIVE ACTIVITIES

As at December 31, 1954, there were 339 Rural Electrification Co-operatives, 109 Consumer Co-operatives, 80 Livestock Marketing and Feeders Co-operatives, 43 Grain, Seed, Feed, Dairy and Poultry Co-operatives, and 56 Co-operatives of a sundry nature, for a total of 627. This is an increase of 26 over the same date last year.

The membership in Credit Unions has increased from 35,000 to 40,000 since December 31, 1953. The assets of the Credit Unions increased by \$2,000,000 during the year to a total of \$9,500,000.

Loans since the inception of Credit Unions in 1938 exceed \$39,000,000, and have provided a source of credit to residents of both Rural and Urban Communities where ordinary credit services may not be readily available.

THE ALBERTA HAIL INSURANCE BOARD

During the year, 10,913 farmers insured 2,001,075 acres of crop with a total risk to the Board of \$14,846,361. The premiums charged for this protection, amounted to \$1,280,380, which represents an average charge of 64c per acre, or 8.6% of the risk.

Hail storms occurred on fifty-three days during the summer, and damages resulted covering 278,367 acres of crop, with consequent loss claims and adjustment expenses totalling \$1,094,586.

After providing for the losses incurred from the year's operations, the reserves and surpluses of the Board total approximately \$1,791,000.

TREASURY BRANCHES

While the number of depositors' accounts increased by 490 during the year to 60,836 as at December 31, 1954, the total deposits decreased by slightly more than one-half million dollars. This decrease is accounted for by the restrictive marketing of last year's crop.

During the year ended December 31, 1954, outstanding loans decreased from \$20,706,339 to \$20,511,307, although the number of borrowing customers increased from 4,945 to 5,302.

Revenues for the fiscal year ended March 31, 1954, totalled \$1,643,688, which is an increase of \$188,504 over the preceding year. Administration costs in the same period increased \$97,012, providing a gross profit of \$175,650 as compared with \$84,158 for the year ended March 31, 1953.

From the year's gross profit, a further amount of \$148,000 has been transferred to the reserve for bad and doubtful debts, which now shows a balance of \$302,788.

As at December 31, 1954, there were 48 full time branches, 14 sub-branches and 91 agencies in operation, with a staff of 368 employees.

GOLDEN JUBILEE CELEBRATION

In 1882 the name Alberta was first given to a district of the Northwest Territories by John Campbell the Marquis of Lorne, the fourth Governor General of Canada, after his wife Her Royal Highness the Princess Louise Caroline Alberta, the youngest daughter of Her Majesty Queen Victoria. Then on September 1, 1905, the Province of Alberta was created out of the District of Alberta of the Northwest Territories, together with the western half of the District of Athabasca and parts of the Districts of Assiniboia and Saskatchewan.

By this time those undaunted pioneers who were the founders of Alberta had made considerable progress in settling our great Province. To honour these valiant oldtimers, and in commemoration of the inauguration of the Province of Alberta fifty years ago, Memorial Auditoriums will be erected to their memory, one for the southern part of the Province, to be located in Calgary, and one for the northern part of the Province, to be situated in Edmonton, and Golden Jubilee Celebrations will be conducted throughout the Province during the months ahead.

Keynote of the celebrations will be the honouring of those pioneer citizens who came to this part of Western Canada either in 1905 or prior to that inauguration year. To these people will go the sincere tribute for their perseverance in the face of almost insurmountable difficulties in the establishment on these western plains of a Province which has become a living monument to their courage, resourcefulness and tenacity.

A Jubilee Celebration Committee has been appointed to plan the festivities and to assist municipalities in their celebration arrangements.

As a matter of information which may be of interest, I am showing a few comparisons of Alberta then and now:

	1905	1955
Population.....	166,000	1,024,000
Total Provincial Budget	\$ 1,968,425	\$222,963,072
Number of cultivated acres	968,000	21,951,000
Value of Agricultural products ...	\$16,428,000	\$519,368,000
Coal products (tons).....	1,385,000	4,859,000
Value of Fish Production.....	\$ 59,300	\$1,168,000
Value of Fur Production.....	\$ 880,000	\$3,560,334
Value of Lumber Production.....	\$ 798,000	\$17,761,000
Value of Petroleum Production	nil	\$227,872,548
Number of School pupils.....	24,254	210,000
Number of School Teachers	729	7,450

PUBLIC ACCOUNTS

The Public Accounts for the fiscal year which ended March 31, 1954, have been tabled and released to the Press, and provide the Members of this Legislature, and the Public generally, with detailed information concerning the financial operations of the Province.

The overall surplus on ordinary and capital accounts, and after making statutory loans, is \$22,614,060. The variance between the actual and the estimated amounts is accounted for mainly by increases in oil revenues derived from sale of leases, royalties, rentals and an additional \$2,500,000 accruing to Alberta under the Dominion-Provincial Tax Rental Agreement.

The full details of Revenue and Expenditure appear in the Public Accounts on pages 43 to 56 inclusive, and it is therefore unnecessary for me to deal with them at this time.

CURRENT FISCAL YEAR

The interim financial statement covering the period from March 31, 1954 to December 31 of the same year, has been prepared, and has been made available to the Honourable Members of this Assembly.

That statement shows total expenditures, inclusive of statutory loans, of \$164,983,046, and total revenues of \$150,462,002, resulting in a net outlay of \$14,521,044, which it is necessary to withdraw from the accumulated surplus of former years.

It is now estimated that for the full fiscal year ending March

as compared with the estimated overall deficit of \$47,634,247 forecast in the Budget Address of March 5, 1954.

This improved position is accounted for mainly as follows:—

	Original Estimate	Revised Estimate	Increase
Tax Rental Agreement.....	\$33,150,000	\$35,200,000	\$ 2,050,000
Oil Revenues (including lease sales, Royalties fees and rentals).....	53,550,000	78,500,000	24,950,000
	\$86,700,000	\$113,700,000	\$27,000,000

PUBLIC DEBT

A further reduction in the Public Debt as at December 31, 1954, is shown in the following comparative statement:

Year ended	P U B L I C D E B T			
	Net Funded Debt	Net Guaranteed Debenture Debt	Unfunded Debt	Total Debt
March 31, 1936.....	\$142,941,031	\$5,672,358	\$18,413,755	\$167,027,144
March 31, 1940.....	142,926,186	5,022,516	8,573,071	156,501,773
March 31, 1945.....	138,821,431	3,941,644	7,396,744	150,159,819
March 31, 1950.....	121,165,894	32,000	9,402,793	130,600,687
March 31, 1951.....	100,596,538	26,000	11,207,594	111,830,132
March 31, 1952.....	97,742,487	4,000	2,690,603	100,437,090
March 31, 1953.....	94,801,037	2,000	2,649,387	97,452,424
March 31, 1954.....	91,781,654	2,000	2,566,083	94,349,737
December 31, 1954.....	88,684,211	1,000	2,500,000	91,185,211

This reduction of \$3,164,526 during 1954, reflects the continued orderly reduction of our public debt by the retirement of maturing debentures.

The Honourable Members will note that using the latest available census estimates prepared by the Dominion Bureau of Statistics, the per capita debt is now \$89.05, based on a population of 1,024,000, as compared with a per capita debt of \$216.15 as at March 31, 1936.

As at December 31, 1954, the following cash and investments were held by the Province:

Cash.....	\$ 21,247,713
Bonds.....	90,951,607
Loans to Municipalities:	
Self Liquidating Projects Act	19,329,481
Municipal Capital Expenditure Loans Act.....	54,139,728
Rural Electrification Act	8,778,058
Loans to Alberta Government Telephones	40,845,992
	\$235,292,579

The sum of \$4,695,000 is provided in the Estimates for the normal debt service charges next year. Of this amount, \$2,783,000 is allotted for the retirement of debentures maturing and \$1,912,000 for the payment of interest.

ESTIMATES — FISCAL YEAR ENDING MARCH 31, 1956

May I now direct the attention of the Assembly to the estimates of revenues and expenditures for the fiscal year which will end March 31, 1956, copies of which have been tabled and made available to all Honourable Members.

The estimated budget requirements are summarized as follows:

Estimated Revenue—Income Account	\$171,875,115
Estimated Revenue—Capital Account	5,566,400
	<hr/>
Estimated Expenditure—Income Account	\$121,725,467
Estimated Expenditure—Capital Account	58,237,605
	<hr/>
Estimated Deficit—Income and Capital Accounts	\$ 2,521,557
Net Statutory payments	43,000,000
	<hr/>
Amount to be provided from accumulated surpluses	\$ 45,521,557

The estimated revenue by departments on Income Account are shown in the following table, which, for comparison purposes, also shows the figures for the current year.

Department	REVENUE—INCOME ACCOUNT		Increase Decrease *
	Estimates 1955-56	Estimates 1954-55	
Executive Council	\$ 1,065,000	\$ 997,100	\$ 67,900
Legislation	12,365	11,065	1,300
Agriculture and Water Resources	511,075	501,700	9,375
Attorney General	3,499,550	2,931,500	568,050
Education	259,300	257,400	1,900
Municipal Affairs	98,000	56,500	41,500
Provincial Secretary	21,449,000	20,939,800	509,200
Public Health	1,406,625	1,238,600	168,025
Public Works	283,450	275,100	8,350
Treasury—Govt. of Canada Subsidies	2,190,000	2,150,000	40,000
Treasury—Tax Rental Agreement	33,100,000	31,000,000	2,100,000
Treasury	24,361,350	21,744,800	2,616,550
Industries and Labour	292,900	265,100	27,800
Economic Affairs	34,000	4,000	30,000
Lands and Forests	5,650,000	5,155,000	495,000
Mines and Minerals	68,069,500	55,252,000	12,817,500
Highways	9,593,000	9,194,200	398,800
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	\$171,875,115	\$151,973,865	\$19,901,250

A net Increase of \$19,901,250

A careful study of the expected revenue has been made, and while care has been taken not to estimate the revenue in excess of what may reasonably be expected, I am confident that we cannot rely upon a surplus.

The Honourable Members will note that the increased revenue is derived entirely from the orderly expansion of the economy of our Province, and that no new or increased taxes, licenses, or other levies, are employed.

The following table indicates the percentage of total revenue derived from each of the main sources of revenue:

	Actual 1951-52	Actual 1952-53	Actual 1953-54	Estimated 1954-55	Estimated 1955-56
Tax Rental Agreement.....	18.23	22.26	16.20	21.81	20.53
Fuel Oil Tax—Car and Truck licenses.....	15.92	14.79	13.10	18.51	16.92
Alberta Liquor Control Board	10.62	9.17	7.36	9.87	9.02
Natural Resources.....	37.68	41.24	52.25	39.75	42.89
All other sources	17.55	12.54	11.09	10.06	10.64
	100%	100%	100%	100%	100%

Actual percentages are shown for the first three years and estimated percentages for the present uncompleted fiscal year, and for the coming year.

The anticipated increases in Revenue are mainly accounted for by the following items:

Item	1955-56	1954-55	Increase
Petroleum and Natural Gas:			
Sale of Leases and Reservations.....	\$ 26,000,000	\$ 18,000,000	\$ 8,000,000
Rentals—Fees	18,500,000	18,000,000	500,000
Royalties.....	17,500,000	14,000,000	3,500,000
Tax Rental Agreements	35,290,000	33,150,000	2,140,000
Fuel Oil Tax.....	19,500,000	19,000,000	500,000
Alberta Liquor Control Board	15,500,000	15,000,000	500,000
Automobile and Truck Fees and Licenses	9,587,000	9,137,000	450,000
School Lands—Sales, Rentals, Fees.....	4,765,000	4,065,000	700,000
Earnings from Investments.....	6,145,000	4,463,000	1,682,000
Land Titles Act.....	1,940,000	1,650,000	290,000
Amusement Tax Act.....	1,538,000	1,509,000	29,000
All other sources	15,610,115	13,999,865	1,610,250
	\$171,875,115	\$151,973,865	\$19,901,250

EXPENDITURES — INCOME ACCOUNT

The total expenditures on Income Account are estimated at \$121,725,467 for the coming year. This amount shows an increase of \$22,087,510 over the amount of \$99,637,957 estimated for the current year.

The following table shows next year's estimated expenditures by Departments and for comparative purposes, I have also shown the estimated expenditures for the present fiscal year:

Department	Estimates 1955-56	Estimates 1954-55	Increase Decrease*	Percentage of Total Expenditure
Public Debt Charges	\$ 4,695,000	\$ 4,704,880	\$ 9,880*	3.86
Executive Council.....	1,571,125	1,369,055	202,070	1.29
Legislation	630,085	598,895	31,190	.52
Agriculture	2,793,935	2,533,805	260,130	2.30
Attorney General	4,097,370	3,420,150	677,220	3.37
Education.....	34,411,365	22,338,110	12,073,255	28.27
Municipal Affairs	1,130,370	943,185	187,185	.93
Provincial Secretary	327,975	329,390	1,415*	.27
Public Health.....	23,111,900	18,204,200	4,907,700	18.99
Public Works	4,361,927	3,554,787	807,140	3.58
Railways.....	7,120	6,960	160	.....
Treasury	11,412,700	10,733,530	679,170	9.38
Industries and Labour.....	1,189,985	1,039,240	150,745	.98
Public Welfare.....	9,679,625	8,967,745	711,880	7.95
Canadian Vocational Training	437,280	391,625	45,655	.36
Economic Affairs	825,675	608,070	217,605	.68
Lands and Forests	3,705,125	3,309,550	395,575	3.04
Mines and Minerals.....	1,499,470	1,053,495	445,975	1.23
Highways.....	15,837,435	15,531,285	306,150	13.00
	\$121,725,467	\$99,637,957	\$22,087,510	100.00%

A net Increase of \$22,087,510

The largest departmental appropriation is for the Department of Education where provision is made for expenditures totalling \$34,411,365 or 28.27% of total estimated expenditures. This is an increase of \$12,073,255 over last year's appropriations of \$22,338,110.

As for many years past, the bulk of the appropriation for this Department is allotted to operational and capital school grants. The Government has increased these grants from year to year, not only with a view to improving and equalizing educational opportunities in all parts of the Province, but also with a view to relieving the burden of school costs on the municipal ratepayer. The first of these basic objectives has now been substantially achieved, but the local rates of school taxation have constantly risen to the point where effective measures must now be undertaken to achieve some control of rising costs and some actual reduction in the rates of local taxation.

To reduce the heavy burden of school costs to municipal ratepayers and to make possible more uniform rates of school taxation throughout the Province, total school grants have been increased by \$11,600,000 to a total of \$29,360,000, not including the Government's contribution to the Teacher's Retirement Fund. Of this total, \$18,160,000 will be distributed as operational grants in accordance with a revised operational school grants formula. \$4,500,000 has been provided for capital construction grants, and \$6,600,000 has been allocated to a new school tax reduction subsidy grant.

This new additional grant will be paid to districts and divisions where the requisition upon municipalities this year is less than the requisition in 1954, and where for operational purposes the 1955 requisition does not exceed a rate of 25 mills on the current assessment. Over and above this rate and within certain limitations, further sums may be requisitioned for capital expenditures and to recover deficits incurred in former years. When these conditions have been met, the tax reduction subsidy grant payable in each case will be an amount not exceeding the difference between 25 mills and the 1954 requisition rate on current assessment, subject to certain adjustments for deficits and capital expenditures out of current revenue during 1954.

A new grant also will be provided for districts and divisions where the requisition upon municipalities this year is increased above the requisition in 1954. In such instances, the grant payable will be limited to 30% of any increase not exceeding five mills on current assessment. I wish to emphasize however, that it is the hope and expectation of the Government that all districts and divisions will adjust their costs to take advantage of the tax reduction subsidies for the purpose of reducing requisitions upon municipalities.

In the event a few districts and divisions which may wish to take advantage of this new form of assistance in order to reduce requisitions may find it impossible to qualify because of a sudden and abnormal increase in costs over which they have no control, \$100,000 has been allocated for contingency grants which will be distributed on a basis of need.

It is anticipated that the school grants for operational purposes provided in the appropriations of the Department of Education will closely approximate 50% of the aggregate operating costs of all school boards throughout the Province during the ensuing year. As a matter of policy, the Government will undertake to augment operational school grants by \$2,000,000 annually for the next five years, in order that the reduced rates of school taxation to municipal ratepayers made possible by the very substantial increases provided now may be maintained and stabilized in the future.

As already stated, \$4,500,000, an increase of \$1,000,000 over last year, has been provided for capital grants for new school construction. Amendments to the School Buildings Assistance Act will be introduced which will increase the rate of grants payable under this legislation by \$1,000 per classroom. This improved rate will meet approximately one-third of the present aggregate annual cost of new school construction. Further amendments to the School Buildings Assistance Act will provide that school boards may obtain all of their borrowings by debenture from Provincial funds, at a low rate of interest.

In connection with the Government's contribution to the Teachers' Retirement Fund, the appropriation for this purpose has now risen to \$900,000.

The grant to the University of Alberta has been increased from \$1,700,000 to \$1,860,000.

The Honourable Members and the public generally will be pleased to note that the Government has already taken steps to provide a school for the education of our deaf children within the Province.

The sum of \$125,000 is included in the Department of Education for the operation of this school, which, at the present time, is under construction by the Public Works Department.

The allotment to the Department of Public Health will total \$23,111,900, which is an increase of \$4,907,700 over the current year's budget and represents 18.99% of the total income account expenditures.

To further assist municipalities in meeting the cost of Hospital and Medical Services, Hospital grants have been increased from .70c to \$1.00 per patient day. Grants to local authorities have been increased from 50% to 60% of the necessary cost of providing hospital services. In keeping with the policy of subsidizing essential Public Health Services and bringing them within the financial reach of the largest possible number of people, the Government is requesting legislation during the present Session whereby the Government will be authorized to enter into agreements with Medical Services Incorporated and/or Insurance Companies, under which the Government will bear approximately one-third of the cost of medical services insurance policies which will be offered to all residents of the Province on a voluntary basis.

Increased payments will be made to hospitals for the hospitalization of Government pensioners and maternity cases. The Government will continue to assume all costs of hospitalization and rehabilitation of poliomyelitis sufferers and last year's appropriation of \$900,000 has been increased to \$952,400 for the coming year.

To indicate to the Honourable Members the amounts involved to provide these and other health services financed by the Provincial Treasurery, I have prepared the following table:

	1955-56	1954-55	Increase Decrease*
Care of Tuberculosis Patients.....	\$ 1,744,350	\$ 1,692,800	\$ 51,550
Cancer Treatment (net).....	288,900	290,900	2,000*
Maternity Hospitalization.....	2,554,300	2,300,000	254,300
Mental Institutions.....	4,609,150	4,031,800	577,350
Per diem grants to Hospitals.....	2,826,000	1,390,000	1,436,000
Hospitalization Grants to Local Authorities.....	3,926,400	2,790,000	1,136,400
Hospital and Medical care of Pensioners.....	2,810,000	2,650,000	160,000
Grants to Insuring Companies for Medical Services scheme	1,200,000	nil	1,200,00
Poliomyelitis Patients.....	952,400	900,000	52,400
Hospital Construction Grants.....	500,000	500,000	-----
Public Health Laboratory.....	283,800	261,100	22,700
Other Health Services	1,416,600	1,397,600	19,000
	\$23,111.900	\$18,204,200	\$4,907,700

The Treasurery Department will require \$11,412,700 next year, which is \$679,170 more than the estimated requirements for the present year which amounted to \$10,733,530. The increase is mainly accounted for by additional funds becoming available as unconditional grants to municipalities under the Municipal Assistance Act, through increased revenues under the Fuel Oil Tax Act. As the Honourable Members are aware, the Municipal Assistance Act provides that 50%

of the net receipts from the ten cent Fuel Oil Tax are distributed to all municipalities. Since this Act was passed, the following amounts will have been distributed to our Municipalities by March 31, 1956:

1951-52.....	\$ 4,665,029
1952-53.....	5,991,151
1953-54.....	7,385,108
1954-55.....	8,534,675
1955-56.....	9,015,205
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	\$35,591,168

The Treasury Branch service requires an amount of \$1,621,265 but it is expected that revenues from this source will total \$1,800,000. Grants to various organizations will be made amounting to \$229,310, which is an increase over the current year of \$68,400.

Substantially increased amounts are required under Income Account by the Department of Public Works to adequately maintain the increased number of publicly owned buildings. The amount required will be \$4,361,927 compared with \$3,554,787, an increase of \$807,140.

The Department of Highways has been allotted the sum of \$15,837,435 for grants towards the construction and maintenance of district highways and for the maintenance of Provincial Main Highways. The allocation of this amount is shown as follows:

	1955-56	1954-55	Increase Decrease*
Ferries.....	\$ 275,000	\$ 275,000	.....
Maintenance Main Highways Bridges	482,030	496,600	\$ 14,570*
Municipal and Improvement Districts Bridge Construction and Maintenance.....	2,300,000	2,000,000	300,000
Main Highways.....	3,500,000	3,500,000	.....
District Highway Grants.....	7,925,000	6,625,000	1,300,000
Special Municipal Projects Construction Grants.....	250,000	1,630,000	1,380,000*
Motor Vehicle Branch.....	722,635	645,815	76,820
Other purposes.....	382,770	358,870	23,900
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	\$15,837,435	\$15,531,285	\$ 306,150

The Honourable Members will note the substantial increase of \$1,300,000 in grants for district highways. These grants will be distributed in the following manner:

	1955-56	1954-55	Increase
Grants to Improvement Districts.....	\$3,300,000	\$ 3,300,000	.....
Grants to Special Areas.....	125,000	125,000	.....
Grants to Municipal Districts.....	3,000,000	3,000,000
Special Contingencies.....	1,500,000	200,000	\$1,300,000
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	\$7,925,000	\$6,625,000	\$1,300,000

Since the last sitting of this Assembly, the Motor Vehicle Branch, formerly administered by the Provincial Secretary, has been amalgamated with the Highway Traffic Board under the jurisdiction of the Department of Highways and will be known as the Motor Vehicles Branch. It is expected that this move will improve the service to the public and will centralize the recording of all automobile and truck registrations.

An amount of \$9,679,625 has been allocated to the Department of Public Welfare, which is an increase of \$711,880 over last year's estimate of \$8,967,745. The increase is accounted for by an increased number of persons eligible for relief and various allowances. An agreement has been negotiated with the Government of Canada to share the cost of pensions to disabled persons which Alberta has been paying in full for the last twelve months.

The Department of Agriculture, including the Water Resources Branch, has been allotted \$2,793,935, as compared with \$2,533,805, an increase of \$260,130. This sum to be voted is required to continue the Government's extensive agricultural program. The Honourable Members will note a new vote amounting to \$23,320, which is provided for research in connection with land utilization. Of further interest is the amount of \$226,580 which is provided for land preparation in connection with irrigation projects and which indicates the progress being made in the Government's irrigation program.

The appropriation for the Attorney General's Department will amount to \$4,097,370 which is an increase of \$677,220 over the current year's estimate of \$3,420,150.

Provision of \$20,000 is made to commence operation of a new gaol in the Calgary area, and an amount of \$90,000 is provided for the operation of the new Belmont Rehabilitation Centre for the treatment of alcoholism.

The increased population at the gaols at Fort Saskatchewan and Lethbridge will require \$688,785 for the operation of those institutions, and a further sum of \$385,250 will be required for the Bowden Institution and Juvenile Offenders Branch. The agreement with the Government of Canada for R.C.M.P. Police services, has been renewed at a total cost of \$833,000 which is an increase of \$149,300.

The Department of Lands and Forests will require the sum of \$3,705,125 for next year. This is an increase of \$395,575 and is necessary to the further implementation of the Forest Preservation program, as recommended by the Delehay reports.

The amount of \$1,189,985 has been allotted to the Department of Industries and Labour. The expanded program of additional inspection services, mainly under the Rural Electrification and Boilers Acts, is responsible for the increase of \$150,745 over last year's appropriation of \$1,039,240.

The Department of Mines and Minerals has been allocated \$1,499,470 for the coming year. This increase of \$445,975 over the present year is mainly due to an appropriation of \$350,000 required to make abandoned mining and oil properties safe for the public.

A further sum of \$85,165 is included in the vote for legislation to continue the work of the Statute Revision Committee. The total vote for Legislation is \$630,085 and includes the operations of the Provincial Auditor's office and payment of Sessional Indemnities.

The Executive Council is allocated \$1,571,125, which provides for \$950,000 for payments under the Public Service Pension Fund and \$418,100 to carry out the extensive program of the Research Council.

Further sums amounting to \$1,130,370, \$327,975, \$825,675 and \$437,280 have been appropriated to the Departments of Municipal

Affairs, Provincial Secretary, Economic Affairs and Canadian Vocational Training, respectively. These sums show a substantial increase this year and reflect the ever-increasing demand for the expansion of Government services. Included in the Department of Economic Affairs is a new appropriation for \$200,000 to assist in the Province-wide celebration of our Golden Jubilee, which I mentioned in some detail earlier in this address.

CAPITAL — RECEIPTS

The estimated capital receipts total \$5,566,400 which is an increase of \$224,800 over the amount estimated for the current year.

The details are as follows:

RECEIPTS—CAPITAL ACCOUNT

Department	Estimates 1955-56	Estimates 1954-55	Increase Decrease*
Agriculture	\$ 175,600	\$ 131,100	\$ 44,500
Municipal Affairs	12,000	12,000	-----
Public Works	5,500	5,500	-----
Treasury	2,146,800	2,007,000	139,800
Lands and Forests	215,000	165,000	50,000
Highways	3,011,500	3,021,000	9,500*
	\$5,566,400	\$5,341,600	\$224,800

A net Increase of \$224,800

The Treasury Department's increased receipts of \$139,800 is accounted for by increased repayments on loans made to the Alberta Government Telephones and to Municipalities under the Self Liquidating Project Act, while the increase of \$50,000 in the Lands and Forests Department results from increased sales of Public Lands.

CAPITAL — EXPENDITURES

Payments on Capital Accounts for the ensuing year are expected to total \$58,237,605, which is an increase of \$925,850 over the current year's estimate of \$57,311,755.

The details by Departments follow:

Department	Estimates 1955-56	Estimates 1954-55	Increase Decrease*
Agriculture	\$ 4,108,300	\$ 4,518,940	\$ 410,640*
Education	60,000	20,000	40,000
Public Works	13,377,865	10,767,985	2,609,880
Treasury	10,000	25,000	15,000*
Lands and Forests	7,000	119,000	112,000*
Highways	40,674,440	41,860,830	1,186,390*
	\$58,237,605	\$57,311,755	\$ 925,850

A net Increase of \$925,850

The amount allotted to the Department of Highways is \$40,674,440. This amount will provide for the continuation of the Government's comprehensive program to provide the Province with a network of all-weather highways, and will be allocated in the following manner:

	1955-56	1954-55	Increase Decrease*
Main Highways.....	\$29,046,900	\$30,329,010	\$1,282,110*
Trans-Canada Highway.....	6,037,665	6,409,980	372,315*
Bridges.....	5,000,000	4,500,000	500,000
Ferries.....	12,000	25,000	13,000*
Sundry Construction.....	577,875	596,840	18,965*
	\$40,674,440	\$41,860,830	\$1,186,390*

Under the Trans Canada Highway Agreement, an amount of \$3,000,000 will be recovered from the Government of Canada.

The appropriation of \$4,108,300 for the Department of Agriculture, includes an amount of \$2,270,000 for the further development of the St. Mary's and Milk River Project and the Bow River development will require \$961,000. A further sum of \$100,000 is allotted for the clearance of encumbrances on lands in the St. Mary's district for land settlement purposes, and \$150,000 is required to provide the first year water service without charge.

The construction of minor projects widely dispersed over the Province, various irrigation and drainage projects, will require \$350,000.

The Department of Public Works is provided with \$11,623,100 for the construction of public buildings. This amount is mainly allocated to the following projects:—

To continue construction at the Deerholme Institution at Red Deer.....	\$ 700,000
To complete the Admission Ward at the Oliver Mental Institute.....	500,000
To complete laundry building and commence construction of a new ward at the Rosehaven Home.....	370,000
For continued construction of the Poliomyelitis addition at the University Hospital	1,000,000
To complete the Oil Conservation Building at Calgary.....	400,000
To commence construction of a new administration building at the University of Alberta.....	350,000
To complete construction of a greenhouse and alterations to University of Alberta buildings.....	377,600
To complete construction of a Research Laboratory at Edmonton.....	400,000
For completion of the Highways Building at Edmonton.....	400,000
To complete the new Treasury Branch building at Edmonton.....	175,000
To continue construction of the main and service buildings and auxiliary buildings at the Belmont Rehabilitation Centre	757,000
For construction of Provincial Golden Jubilee auditoriums at Edmonton and Calgary.....	2,500,000
To complete the Education Building at Calgary.....	479,100
To construct a Provincial School for the Deaf at Edmonton.....	440,000
To commence construction of a new gaol in the Calgary area.....	400,000
Other necessary public buildings throughout the Province.....	2,374,400
	\$11,623,100

As in previous years, I have prepared a table showing, for comparative purposes, the revenues received from the sale of Crown Petroleum and Natural Gas leases, Royalties on oil production from 1948, and have also shown the amounts expended for capital construction, during the same period.

RECEIVED FROM OIL DEVELOPMENT, SALE OF CROWN LEASES
AND ROYALTIES

	Provincial Lands	School Lands
1948-49.....	\$10,340,000	\$ 200,000
1949-50.....	26,550,000	344,000
1950-51.....	32,768,000	1,550,000
1951-52.....	22,580,000	1,711,000
1952-53.....	32,013,000	5,050,000
1953-54.....	66,638,000	5,162,000
1954-55 actual to Jan. 31, 1955	49,444,000	1,221,000
1955-56 estimated.....	43,500,000	2,650,000
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	\$283,833,000	\$17,888,000

EXPENDITURES ON CAPITAL CONSTRUCTION

1948-49.....	\$ 16,790,000
1949-50.....	16,757,000
1950-51.....	23,326,000
1951-52.....	24,593,000
1952-53.....	37,568,000
1953-54.....	41,129,000
1954-55 actual to December 31, 1954	35,174,000
1955-56 estimated.....	52,660,000
	<hr/>
	\$247,997,000
Debt Retirement for same period.....	39,975,000
	<hr/>
TOTAL.....	\$287,972,000

The Honourable Members will note from these two statements that the Government is continuing its avowed intention of allocating revenues from the sale of Crown Lands and revenues from Oil Royalties to capital construction and Debt Retirement.

STATUTORY APPROPRIATIONS

The Honourable Members will note that further sums will be allotted to provide low cost loans through the Municipal Capital Expenditures Revolving Fund and the Rural Electrification Revolving Fund and to the Alberta Government Telephones for necessary expansion to keep pace with the increasing demand for telephone services.

The Honourable Members will also note a new revolving fund to be known as the Homestead Lease Loan Fund has been instituted. The purpose of this fund is to provide loans to homestead lessees for the purpose of clearing and breaking land under homestead lease. Loans are to be restricted to a maximum of \$1,000. Applications for loans under this Act will be considered by a Board appointed by the Lieutenant Governor in Council.

Statutory appropriations totalling \$43,000,000 will be allocated as follows:

Municipal Capital Expenditures Revolving Fund.....	\$30,000,000
Rural Electrification Revolving Fund.....	5,000,000
Homestead Lease Revolving Loan Fund	1,000,000
Alberta Government Telephones.....	7,000,000
	<hr/>
	\$43,000,000

MUNICIPAL ASSISTANCE

I have prepared a statement showing the Municipal Assistance provided by the Government for the six years 1950 - 51 to 1955 - 56 inclusive, which shows in some detail, the various purposes for which assistance has been provided.

It will be noted by the Honourable Members, that provision has been made for direct financial assistance for Education for the coming year of \$30,260,000. This makes a total of \$96,935,824 for the six year period shown on the statement.

Direct financial assistance for Health purposes is provided with \$7,502,400 for next year, bringing the total for the six year period to \$24,273,317.

For Highways assistance, an amount of \$10,475,000 is allocated for a total of \$42,069,802 for the six year period.

Grants from the Treasury Department in lieu of taxes, amount to \$136,500 and Grants under the Municipal Assistance Act will amount to \$9,015,205 for a six year total of \$36,213,717.

Further amounts under the Public Welfare, Lands and Forests and the Attorney General's Department, will total \$1,680,450 in the coming year and total \$8,542,074 for the six year period.

The total of Direct Assistance proposed for the coming year will amount to \$59,069,555, bringing the total for the six years shown on the statement to \$208,034.734.

Indirect financial assistance for the coming year will total \$7,886,400 and includes medical and hospital care for provincial pensioners, maternity cases, poliomyelitis sufferers, cancer patients and a provision which I have already mentioned, to provide assistance for medical services. The total for Direct and Indirect Assistance will amount to \$236,768,763 for the six year period.

This very substantial amount, Mr. Speaker, should clearly indicate the Government's desire and intention to assist the municipalities to alleviate the taxation burden to our people and to maintain a position of financial stability.

In addition to the direct and indirect assistance, further provision is made to continue the Municipal Capital Expenditure Loans Revolving Fund and to this end, the Honourable Members will be asked to amend the Act and to provide a further \$30,000,000 for loans to Municipalities for capital purposes.

You will be asked to approve an amendment to the School Buildings Assistance Act. This amendment provides for increased grants for classroom construction and also authorizes the Provincial Treasurer to finance the debenture issues of school districts and divisions.

It is anticipated that the Provincial Treasurer will be required to purchase \$9,000,000 of school debentures during the year.

The provision for low-interest rate loans to Municipalities and School Districts and Divisions, should make it unnecessary for these local governments to go outside the Province for any capital requirements and will result in substantial interest savings to our tax payers.

The total loans which will have been made during the six year period will amount to \$149,433,252.

A summary has also been prepared indicating the assistance by the Province to the cities of Edmonton and Calgary for the four fiscal years 1952 - 3 to 1955 - 6 inclusive.

PROVINCIAL MUNICIPAL ASSISTANCE
For the Six Fiscal Years Ending March 31st, 1951 to March 31st, 1956

	1950-51 and 1951-52 Actual	1952-53 and 1953-54 Actual	1954-55 Estimated	1955-56 Estimated	Total Six Years
Direct Financial Assistance:					
1. Education:					
Operational Grants to Schools.....	\$16,673,484	\$21,479,672	\$ 14,260,000	\$24,860,000	\$77,273,156
Construction Grants to Schools.....	3,195,121	4,179,871	3,500,000	4,500,000	15,374,992
Grants to Teachers' Retirement Fund.....	1,146,724	1,440,952	800,000	900,000	4,287,676
2. Public Health:					
Hospitalization Grants.....	3,275,185	6,312,632	4,180,000	6,942,400	20,710,217
Hospital Construction Grants.....	1,383,924	908,835	500,000	500,000	3,292,759
Health Service Grants.....	36,187	114,154	60,000	60,000	270,341
3. Highways:					
Grants for Roads, Bridges and other structures.....	8,895,882	12,443,920	10,255,000	10,475,000	42,069,802
4. Treasury:					
Grants in lieu of Taxes.....	177,815	196,409	111,500	136,500	622,224
Municipal Assistance Grants.....	4,665,029	13,376,259	8,535,000	9,015,205	35,591,493
5. Attorney General's Department:					
Remission or Fines collected under The Alberta Liquor Act.....	173,815	242,215	120,000	130,000	666,030
6. Public Welfare:					
Indigent Relief.....	2,003,864	1,600,240	738,050	1,050,450	5,392,604
7. Lands and Forests:					
Refunds of Cultivation and Grazing Leases.....	603,601	879,839	500,000	500,000	2,483,440
TOTAL: Direct Financial Assistance					
	\$42,230,631	\$63,174,998	\$43,559,550	\$59,069,555	\$208,034,734
Indirect Financial Assistance:					
1. Medical and Hospital care for Pensioners.....					
	\$ 2,456,733	\$ 4,279,100	\$ 2,650,000	\$ 2,810,000	\$ 12,195,833
	2,518,320	5,368,476	3,575,000	5,076,400	16,538,196
TOTAL: Indirect Financial Assistance					
	\$4,975,053	\$9,647,576	\$6,225,000	\$7,886,400	\$28,734,029
TOTAL Direct and Indirect Financial Assistance					
	\$47,205,684	\$72,822,574	\$49,785,450	\$66,955,955	\$236,768,763
Assistance by Low Interest Rate Loans:					
1. Self-liquidating Projects Act 2%					
	\$11,034,003	\$10,960,276	.....	.....	\$21,994,279
	.....	25,000,000	\$35,000,000	\$30,000,000	90,000,000
2. Municipal Capital Expenditure Loans Act 2½-3½%					
	.....	12,200,000	.....	.....	12,200,000
3. Other Municipal Loans 3½%					
	3,174,668	8,064,305	5,000,000	9,000,000	25,238,973
4. School Construction Loans 3½%					

TOTAL ASSISTANCE BY LOANS					
	\$14,208,671	\$56,224,581	\$40,000,000	\$39,000,000	\$149,433,252

PROVINCIAL FINANCIAL ASSISTANCE TO THE CITIES OF EDMONTON AND CALGARY

For the Four Fiscal Years Ending March 31st, 1953 to March 31st, 1956

1952-53 and 1953-54 Actual		1954-55 Estimated		1955-56 Estimated		Total—Four Years	
Edmonton	Calgary	Edmonton	Calgary	Edmonton	Calgary	Edmonton	Calgary
Direct Provincial Financial Assistance:							
1. Education:							
Operational Grants to Schools.....	\$ 1,344,971	\$ 1,089,143	\$ 1,142,700	\$ 912,800	\$ 2,300,000	\$ 1,850,000	\$ 4,787,671
Construction Grants to Schools.....	1,068,749	314,886	1,250,000	1,000,000	1,300,000	1,000,000	3,618,749
Grants to Teachers' Retirement Fund.....	209,597	163,591	110,000	100,000	150,000	120,000	469,597
2. Public Health:							
Hospitalization Grants.....	1,476,587	1,022,533	1,158,000	594,500	1,600,000	850,000	4,234,587
Hospital Construction Grants.....	861,021	324,709	116,625	.....	25,000	25,000	2,467,033
Health Service Grants.....	62,064	52,091	33,000	27,000	33,000	27,000	349,709
3. Highways:							
Grants for Roads, Bridges and Other Structures.....	272,033	280,030	763,705	858,800	250,000	10,000	1,285,738
4. Treasury:							
Grants in lieu of Taxes.....	94,825	66,565	50,000	35,000	50,000	35,000	194,825
Municipal Assistance Grants.....	2,406,603	1,749,867	1,540,000	1,085,000	1,600,000	1,250,000	5,546,603
5. Attorney General's Department:							
Remission of Fines collected under The Alberta Liquor Act.....	88,112	39,844	53,000	24,000	55,000	25,000	196,112
6. Public Welfare:							
Indigent Relief.....	400,030	207,779	213,000	112,000	250,000	150,000	863,030
TOTAL: Direct Financial Assistance.....	\$8,284,592	\$5,311,038	\$6,430,030	\$4,749,100	\$7,613,000	\$5,342,000	\$22,327,622
TOTAL: Indirect Provincial Financial Assistance:							
1. Medical and Hospital Care for Pensioners.....	\$ 1,120,117	\$ 400,977	\$ 700,000	\$ 250,000	\$ 750,000	\$ 300,000	\$2,570,117
2. Other Public Health and Welfare Services.....	1,901,831	1,175,603	1,285,000	797,000	1,550,000	1,000,000	4,736,831
TOTAL: Indirect Financial Assistance.....	\$3,021,948	\$1,576,580	\$1,985,000	\$1,047,000	\$2,300,000	\$1,300,000	\$7,306,948
TOTAL: Direct and Indirect Financial Assistance..	\$11,306,540	\$6,887,618	\$8,415,030	\$5,796,100	\$9,913,000	\$6,642,000	\$29,634,570
Assistance by Low Interest Rate Loans:							
1. Self-Liquidating Projects Act.....	\$ 1,000,000	\$ 1,000,000	.....	.....	.....	.....	\$ 1,000,000
2. Municipal Capital Expenditure Loans Act.....	9,500,000	11,500,000	\$11,000,000	\$12,000,000	\$13,000,000	\$12,000,000	33,500,000
3. Other Municipal Loans.....	5,500,000	4,300,000	.....	.....	.....	.....	5,500,000
4. School Construction Loans.....	2,283,000	1,267,880	2,000,000	1,500,000	4,000,000	2,500,000	8,283,000
TOTAL: Assistance by Loans.....	\$18,283,000	\$18,067,880	\$13,000,000	\$13,500,000	\$17,000,000	\$14,500,000	\$48,283,000

CONCLUSION

Now Mr. Speaker, I hope I have been able to lay before the Honourable Members a clear and comprehensive analysis of the financial affairs of the Province for the three periods with which we are at the moment chiefly concerned, namely, the past fiscal year, the one just drawing to a close and our estimates of the financial requirements for the ensuing fiscal year, together with the sources of the necessary revenues.

From this analysis two unmistakable conclusions emerge to which I must refer.

First, there has not been any attempt on the part of the Government to hoard public revenue. I draw your attention to this point because, in the course of informing the public regarding this matter, only one aspect is given to the operations characteristic of reserve funds. Emphasis is always placed upon all additions to the fund, but withdrawals or uses to which the fund is put and the balances left thereafter, are seldom emphasized.

To illustrate, may I point out that after all the additions to the reserve fund since its inception and after deducting all payments and loans therefrom, which financed such things as rural electrification, telephone expansion and municipal improvements, there remains in the fund a sum equal to only one-half the amount appropriated for the coming year. Half of that you will have observed will be required to finance the anticipated deficit and to replenish the several revolving funds which must be used for further loans to our municipalities and schools, etc., as mentioned above. This will leave between twenty-five and thirty percent of the ensuing year's budget in cash and bonds, which is not in excess of the minimum amount required to maintain a reserve sufficient to insure financial stability in the years immediately ahead. Certainly it does not provide a fund from which further substantial withdrawals can safely be made without jeopardizing the commitments of the immediate future.

Therefore it must be obvious that there has been no hoarding of the revenues of the Province, that the expenditures have kept pace with the revenues, that the dissipation of the balance of the fund must be prevented and that our financial commitments to local authorities have been and must continue to be orderly, generous and reliable.

The second conclusion to which I refer and which also must now be obvious to all, is that the revenues accruing from taxation and the development of our natural resources, however buoyant, will never exceed the constant need for progressive capital development and the consistent public demands for more and better standards of social services.

Your Social Credit Government believes the only effective solution to this problem lies in supplementing the incomes of our people from the National Treasury, not by a mere redistribution of money first extracted from the Canadian people and Canadian business by direct and indirect taxation, but by a progressive expansion of the National Credit through the Bank of Canada to an extent sufficient to make the incomes of our people equal to their production during any given period of time.

Mr. Speaker I move that you now leave the Chair and that this Assembly resolve itself into a Committee of Supply for the consideration of sums to be granted to Her Majesty.

GOVERNMENT OF THE PROVINCE OF ALBERTA
STATISTICS

Area:	Square Miles	Acres
Land	248,800	159,232,000
Water	6,485	4,150,400
Total	255,285	163,382,400

Disposition of Land Area:	Square Miles	Acres
National Parks	20,718	13,259,520
Provincial Parks	14	8,960
Provincial Lands, including—		
Leased lands and forest reserves, but not Provincial Parks	135,788	86,904,320
Alienated lands from the Crown or in process of alienation	78,313	50,120,320
Indian Reserves	2,296	1,469,440
Federal lands other than National Parks and Indian Reserves	11,671	7,469,440
	248,800	159,232,000

Population:	1941	1946	1951
Total Population	796,169	803,330	939,501
Farm Population	383,964	335,610	345,222

Farm Holdings and Tenure:	1941	1946	1951
Number of farms*	99,732	89,541	84,315

* Up to and including the 1946 Census a farm consisted of all the land in a municipality farmed by one person, if the land were one acre or more in size, and produced agricultural products valued at \$50.00 or more. In 1951, a farm must be three acres or more in size, or from one to three acres in size with agricultural production valued at \$250.00 or more. Furthermore, where a farm was previously designated as being several farms by reason of being situated in more than one municipality, the 1951 Census reported the complete farm as one unit.

1941	1946	1951
Area in farms	Acres	Acres
Occupied by owner	43,277,295	41,451,454
Occupied by tenant	26,706,328	26,528,931
Improved land	16,570,967	14,922,523
Under crop	20,125,220	20,031,655
Unimproved land	12,284,123	12,865,855
	23,152,075	21,419,799
	44,459,632	44,459,632
	29,301,589	29,301,589
	15,158,043	15,158,043
	22,271,044	22,271,044
	14,427,631	14,427,631
	22,188,588	22,188,588

Livestock on Farms:	No. 1952	No. 1953	No. 1952	No. 1953
Horses	239,700	222,000	Domestic fowl	8,420,000
Cattle	1,754,000	1,910,000	Turkeys	640,000
Sheep and Lambs	387,000	432,000	Geese	80,000
Swine	1,170,000	1,180,000	Ducks	95,000
				8,280,000
				530,000
				78,000
				91,000

BUDGET SPEECH OF

GOVERNMENT OF THE PROVINCE OF ALBERTA

STATISTICS

AGRICULTURE PRODUCTION

1953

1954 (Preliminary)

Field Crops:

	Production, Bus.	Value	Production, Bus.	Value
Wheat.....	163,000,000	\$244,500,000	95,000,000	\$128,250,000
Oats.....	112,000,000	61,600,000	74,000,000	51,800,000
Barley.....	108,000,000	89,640,000	70,000,000	65,800,000
Rye.....	9,700,000	7,372,000	4,000,000	4,000,000
Mixed Grains.....	2,821,000	1,975,000	3,084,000	2,529,000
Flax Seed.....	2,000,000	4,740,000	2,150,000	5,375,000
Forage Crop Seed.....	.....	4,698,000	.....	3,497,000
Potatoes.....	2,757,000	3,529,000	1,900,000	2,660,000
	Tons		Tons	
Sugar Beets.....	422,281	6,009,000	440,000	6,160,000
Tame Hay.....	2,600,000	32,500,000	2,000,000	24,000,000
Miscellaneous.....	.....	9,441,000	.....	8,919,000
Total Value: Field Crops.....		\$466,004,000		\$302,990,000

Livestock and Livestock Products:

	No.	Value	No.	Value
Cattle.....	471,634	\$67,020,000	552,296	\$74,245,000
Calves.....	113,676	6,323,000	123,732	6,133,000
Sheep and Lambs.....	112,523	1,834,000	117,459	1,801,000
Hogs.....	1,432,438	66,659,000	1,476,249	66,830,000
Dairy Products.....	.....	37,876,000	.....	38,485,000
Poultry Products.....	.....	29,047,000	.....	25,122,000
Honey and Wax.....	.....	563,000	.....	462,000
Wool.....	.....	754,000	.....	819,000
Fur Farming.....	.....	2,651,000	.....	2,481,000
Total Value: Livestock and Livestock Products.....		\$212,727,000		\$216,378,000
Total Value: Agricultural Production.....		\$678,731,000		\$519,368,000

GOVERNMENT OF THE PROVINCE OF ALBERTA

STATISTICS

NATURAL RESOURCES

1953

1954
(preliminary)

	Production	Value	Production	Value
Crude Oil	76,816,383 bbl.	\$193,118,494	87,713,855 bbl.	\$227,872,548
Natural Gas (Consumption)	89,651,605 M cu ft.	6,723,870	109,221,000 M cu. ft.	8,191,575
Coal	5,917,474 tons	32,110,429	4,859,136 tons	26,349,275
Salt	24,885 tons	601,515	31,568 tons	740,997
Cement	3,098,664 bbl.	7,915,227	3,004,087 bbl.	7,685,930
Lime	29,263 tons	430,924	32,285 tons	480,528
Sand and Gravel	7,651,261 tons	5,097,720	7,058,884 tons	5,149,745
Stone	18,833 tons	84,639	19,460 tons	78,700
Clay Products		2,135,085		2,239,284
Gold and Silver		2,242		6,794
Lumber—Sawmill Production (Crown Lands)	411,091,000 ft. b.m.	16,443,600	354,000,000 ft. b.m.	14,161,000
Commercial Fishing	10,838,705 lbs.	1,085,898	8,820,210 lbs.	1,149,503
Fur (Wild Life)	1,492,729 pelts	1,447,172	1,270,049 pelts	1,190,886
Total: Natural Resources		\$267,196,815		\$295,296,765

OTHER STATISTICS

1953

1954
(preliminary)

Retail Trade		\$987,408,000	\$932,475,000
Wholesale Trade		\$648,561,000	\$600,182,000
Manufacturing Industries—Value of Production		\$548,340,000	\$567,360,000
Electric Power—Consumption	K.W. Hrs.:	1,321,882,000	1,500,875,000
School Rooms in Operation (June 30th)	No.:	6,552	6,946
Motor Vehicles Licensed	No.:	318,812	335,000
Gravelled or Surfaced Roads and Highways	Miles:	26,030	29,860
Bank Clearings		\$3,975,399,000	\$4,584,252,000
Bank Debits		\$9,041,687,000	\$9,082,402,000
Construction Contracts Awarded		\$215,010,900	\$219,205,000
Railways	Miles:	5,736	5,726
Population (June 1st)	No.:	1,002,000	1,024,000

